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AZ CORP COMMISSION  
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CARL J. KUNASEK  
Chairman  
JIM IRVIN  
Commissioner  
WILLIAM A. MUNDELL  
Commissioner

In the matter of

TOWER EQUITIES, INC.  
8141 N. Main Street  
Dayton, Ohio 45415-1747  
CRD #16195

PHILIP A. LEHMAN  
Tower Equities, Inc.  
8141 N. Main Street  
Dayton, Ohio 45415-1747  
CRD #1345038,

Respondents.

DOCKET NO. S-03439A-00-0000

**NOTICE OF OPPORTUNITY FOR  
HEARING REGARDING PROPOSED  
ORDER OF REVOCATION AND FOR  
OTHER AFFIRMATIVE ACTION**

**NOTICE: RESPONDENTS HAVE 10 DAYS TO REQUEST A HEARING**

The Securities Division ("Division") of the Arizona Corporation Commission ("Commission") alleges that facts exist which warrant revocation of respondents' Arizona registrations as securities dealer and salesman, pursuant to the Securities Act of Arizona, A.R.S. § 44-1801 *et seq.* ("Securities Act").

**I.**

**JURISDICTION**

1. The Commission has jurisdiction over this matter pursuant to Article XV of the Arizona Constitution, and the Securities Act.

**II.**

**RESPONDENTS**

2. TOWER EQUITIES, INC. ("TOWER EQUITIES"), is an Ohio corporation, the last known address of which is 8141 N. Main Street, Dayton, Ohio 45415-1747. TOWER EQUITIES is a

1 registered securities dealer in Arizona, and an investment adviser registered with the United States  
2 Securities and Exchange Commission (the "SEC") since in or about 1988.

3 3. PHILIP A. LEHMAN, whose last known business address is that of TOWER EQUITIES,  
4 is a registered securities salesman in Arizona and the sole shareholder, chairman, vice president and chief  
5 compliance officer of TOWER EQUITIES.

6 **III.**

7 **FACTS**

8 4. On or about September 7, 2000, the SEC entered its order in Administrative Proceeding  
9 No. 3-10024 before the SEC. Among other things in the order, the SEC:

10 A. Suspended LEHMAN from association with any broker, dealer, investment adviser or  
11 investment company for a period of nine months, effective on the second Monday  
12 following entry of the order;

13 B. Ordered LEHMAN to cease and desist from committing or causing any violation of  
14 the anti-fraud provisions of the federal securities laws or investment adviser law; and

15 C. Ordered TOWER EQUITIES to cease and desist from committing or causing any  
16 violation of the anti-fraud provisions of the federal securities laws or investment  
17 adviser law.

18 5. The SEC order resulted from Offers of Settlement submitted by TOWER EQUITIES and  
19 LEHMAN after public administrative proceedings and cease and desist proceedings had been  
20 commenced against them by the SEC on September 22, 1999.

21 6. TOWER EQUITIES and LEHMAN neither admitted nor denied the findings of fact made  
22 by the SEC in its order. The SEC found that TOWER EQUITIES and LEHMAN had willfully violated  
23 the Securities Act of 1933, the Securities Exchange Act of 1934, and the Investment Advisers Act of  
24 1940, in that they made misrepresentations of material facts and omitted to state material facts to  
25 investors regarding several offerings -- specifically, offerings of Tower Venture 97-A, Ltd., an Ohio  
26 limited liability company, Lifetime Assets, LLC, an Ohio limited liability company of which LEHMAN

1 was the president and managing partner, Baylor/Gavic, LLC, an Ohio limited liability company of which  
 2 LEHMAN was the president and managing partner, and Wellington, LLC, an Ohio limited liability  
 3 company of which LEHMAN was the president and managing partner. From in or about February 1997  
 4 to in or about December 1998, TOWER EQUITIES and LEHMAN raised a total of approximately \$16.5  
 5 million from their investment advisory clients for these four issuers, according to the SEC's findings.  
 6 The purported use of investment proceeds in each of the offerings was "transactions" involving "traders"  
 7 and European banks, which transactions could not, in fact, exist. TOWER EQUITIES and LEHMAN  
 8 told investors they could expect to earn returns of up to 100% on their investment within 25 days, or an  
 9 annualized rate of 1,440 percent, with minimal risk. In one of the offerings TOWER EQUITIES and  
 10 LEHMAN represented to investors that a portion of the proceeds would be used to purchase viatical  
 11 insurance policies for which investors could expect to earn a return of approximately 33% after one year.  
 12 However, TOWER EQUITIES and LEHMAN had no reasonable basis for this representation since they  
 13 had no agreement with any viatical company to purchase viatical insurance policies and had not  
 14 conducted adequate due diligence.

15 7. At all relevant times LEHMAN was a person controlling TOWER EQUITIES.

#### 16 IV.

#### 17 REVOCATION PURSUANT TO A.R.S. § 44-1961

#### 18 (Denial, Revocation or Suspension of Dealer Registration)

19 8. RESPONDENT TOWER EQUITIES' conduct is grounds to revoke RESPONDENT'S  
 20 registration as a securities dealer with the Commission pursuant to A.R.S. § 44-1961. Specifically,  
 21 TOWER EQUITIES:

22 ...

23 ...

24 ...

25 ...

26 ...

- A. Has been permanently enjoined by order of an administrative tribunal (the SEC) from engaging in or continuing its fraudulent conduct in connection with the sale or purchase of securities; and
- B. Is controlled by LEHMAN, a person who is subject to an order of the SEC suspending him from association with any broker, dealer, investment adviser or investment company for a period of at least six months.

**V.**

**REVOCATION PURSUANT TO A.R.S. § 44-1962**

**(Denial, Revocation or Suspension of Registration of Salesman)**

9. RESPONDENT LEHMAN's conduct is grounds to revoke LEHMAN's registration as a securities salesman with the Commission pursuant to A.R.S. § 44-1962. Specifically, LEHMAN:

- A. Has been permanently enjoined by order of an administrative tribunal (the SEC) from engaging in or continuing his fraudulent conduct in connection with the sale or purchase of securities; and
- B. Is subject to an order of the SEC suspending him from association with any broker, dealer, investment adviser or investment company for a period of at least six months.

## VI.

### REQUESTED RELIEF

The Division requests that the Commission grant the following relief against  
RESPONDENTS:

1. Order the revocation of RESPONDENT TOWER EQUITIES' registration as a securities dealer pursuant to A.R.S. § 44-1961;
2. Order the revocation of RESPONDENT LEHMAN's registration as a securities salesman pursuant to A.R.S. § 44-1962; and
3. Order any other relief that the Commission deems appropriate.

## VII.

## HEARING OPPORTUNITY

RESPONDENTS may request a hearing pursuant to A.R.S. § 44-1972 and A.A.C. R14-4-306. A request must be in writing and received by the Commission within 10 business days after service of this Notice of Opportunity for Hearing. Each RESPONDENT must deliver or mail the request to Docket Control, Arizona Corporation Commission, 1200 W. Washington, Phoenix, Arizona 85007. A Docket Control cover sheet must accompany the request. A cover sheet form and instructions may be obtained from Docket Control by calling (602) 542-3477 or on the Commission's Internet web site at [www.cc.state.az.us/utility/forms/index.htm](http://www.cc.state.az.us/utility/forms/index.htm).

If a request for a hearing is timely made, the Commission shall schedule the hearing to begin 20 to 60 days from the receipt of the request unless otherwise provided by law, stipulated by the parties, or ordered by the Commission. If a request for a hearing is not timely made, the Commission may, without a hearing, enter an order against each RESPONDENT granting the relief requested by the Division in this Notice of Opportunity for Hearing.

Persons with a disability may request a reasonable accommodation such as a sign language interpreter, as well as request this document in an alternative format, by contacting Shelly M. Hood, ADA Coordinator, voice phone number 602/542-3931, e-mail [shood@cc.state.az.us](mailto:shood@cc.state.az.us). Requests should be made as early as possible to allow time to arrange the accommodation.

Dated this 20th day of December, 2000.



Mark Sendrow  
Director of Securities

# Memorandum

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**DATE:** December 27, 2000

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**TO:** Nancy Cole  
Docket Control

AZ CORP COMMISSION  
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**FROM:** Amy J. Leeson  
Securities Division

**RE:** Matter of Tower Equities, Inc. and Philip A. Lehman  
Docket No. S-03439A-00-0000  
Internal Routing Distribution

**CC:** Betty Camargo

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This is to notify you that the following individuals should be copied on all docketed items for the above-mentioned case.

- ☒ Mark Sendrow
- ☐ LeRoy Johnson
- ☒ Matthew Neubert/ [REDACTED]

\_\_\_\_\_  
Amy Leeson (Staff Attorney)

\_\_\_\_\_  
(Staff Investigator)

\_\_\_\_\_

**Note:** The Assistant Attorney General assigned to this matter is: Moira McCarthy.

Thank you for your cooperation in this matter.